

Management Letter

To the Honorable Board of County Commissioners
Leon County, Florida

We have audited the special-purpose financial statements of the Board of County Commissioners of Leon County, Florida (the Board), as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated February 15, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report of Independent Auditors on Internal Control Over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated February 15, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included on the aforementioned auditors' report.

The *Rules of the Auditor General* (Section 10.554(1)(i)1.) require that we determine, whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions to address findings and recommendations made in the preceding annual financial audit report are noted below under Prior Year Findings and Recommendations.

The *Rules of the Auditor General* (Section 10.554(1)(i)2.), require our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the Board complied with Section 218.415, *Florida Statutes*.

The *Rules of the Auditor General* (Section 10.554(1)(i)3.) require that we address in the management letter any recommendations to improve financial management. See our recommendations under current year findings and recommendations.

The Rules of the Auditor General (Section 10.554(1)(i)4.) require that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)5.) provide that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General* (Section 10.554(1)(i)6.), require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the special-purpose financial statements. The name or official title and legal authority for the primary government and each component unit of the reporting entity are disclosed in Note 1 of the Notes to the Special-Purpose Financial Statements. The Leon County Housing Finance Authority, a component unit of Leon County, was authorized pursuant to Chapter 159, Part IV, of the *Florida Statutes* and was created by Leon County Ordinance 80-39.

Prior Year Findings and Recommendations

Security Assessment

During procedures performed over information technology controls, we noted the most recent security assessment was performed in August 2007. Given the limited scope of our procedures, substantial changes to the Board's environment, and introduction of new technologies (virtualization, MAN expansion, Wireless, etc.), we recommend the Board obtain an independent contractor to perform a security assessment similar to the one that was performed in August 2007. This will better enable the Board to identify and remediate outstanding security risks and vulnerabilities, enhance protection over the IT environment, and gain new insight on risks related to newly acquired hardware and software. Corrective action has been taken.

Remote Cash Receipt Collection Areas

Upon performing walkthroughs at 5 of the 20 remote cash collection points, we noted that there were inconsistencies between documented and actual procedures. Additionally, auditor noted areas where the existing control structure could be strengthened. We recommend that the Internal Audit Department in cooperation with the Finance Department perform periodic walkthroughs of each remote cash collection point for the purpose of verifying adherence to, and consistency with, documented control procedures at the department level. Corrective action is in process.

Remote Cash Receipt Collection Areas (continued)

During the current year, walkthroughs were performed at remote cash collection points by Board Finance Department staff. The Finance Department is currently in the process of setting up a schedule for periodic reviews with the Internal Audit Department in order to verify adherence to, and consistency with, documented control procedures at the department level.

Current Year Findings and Recommendations

Purchasing Card (P-Card)

We selected two months to perform P-card testing and selected eight employees for each month for testing compliance with policies and procedures. For one card holder tested, the transmittal form included with the credit card statement did not include all transactions and receipts. Although no prohibited transactions were noted, we recommend that annual training be provided to all employees that approve P-card transmittal forms to reinforce their understanding of the review process and the risks associated with the P-card transaction cycle.

Management's Response:

New training sessions are in development for the reconcilers and the authorized approving persons. These sessions will focus on key items to look for in the review of transactions such as sales tax exemptions for in-state purchases, appropriate purchases, itemized receipts, correct cost accounting, etc. These will be presented via new webinar capabilities available to the County so staff can receive the training without having to congregate in one spot. After initial training sessions, these courses will also be posted on the Intranet for reference purposes.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Board of County Commissioners of Leon County, Florida and the State of Florida, Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Howell Ferguson P.A. *Law, Redd, Crona & Munroe, P.A.*

February 15, 2012